Financial Sector Conduct Authority

FSCA Press Release **22 April 2025**

FSCA imposes administrative penalty on African Bank Limited for misleading advertising

The Financial Sector Conduct Authority (FSCA) has imposed an administrative penalty of R700 000 on African Bank Limited (African Bank) for misleading advertising which was found to be in contravention of Conduct Standard 3 of 2020 (Banks) (the Conduct Standard). The objective of the Conduct Standard is to ensure that banks conduct their business in a manner that prioritises the fair treatment of customers when offering financial products and services.

The imposition of the penalty followed an investigation by the FSCA into African Bank's *#KeFestive* social media campaign, which was found to contain factually incorrect and misleading statements. As part of its ongoing supervisory activities, the FSCA identified and assessed a social media advertisement flighted by African Bank in December 2023. The advertisement, which featured a well-known public figure, encouraged consumers to take out personal loans with the phrase *"It's not a skoloto chomi! Ke investment"*.

The FSCA found the above statement to be factually incorrect and misleading as it misrepresented the nature of the loan product that was on offer, implying that it was an investment rather than a credit facility. By misleading financial customers and failing to provide clear and accurate information about the nature of the product, African Bank contravened sections 6(1), 6(3)(a) and 6(3)(b) of the Conduct Standard, which require the following:

- Section 6(1): *A bank must ensure that its financial products and financial services are advertised to financial customers in a way that is clear, fair, and not misleading.*
- Section 6(3)(a): *Advertising by the bank must be factually correct; and (b) not contain any statement, promise, or forecast which is fraudulent, untrue, or misleading.*

Further to the above, the FSCA also found deficiencies in African Bank's governance and oversight processes relating to the review and approval of the aforementioned advertisement. This was a contravention of section 6(9) of the Conduct Standard, which requires the following:

- Section 6(9): *A bank must have in place processes and procedures for the approval of advertisements and advertising methods by a person of appropriate seniority and expertise within the bank, which must form part of* [its] *governance arrangements.*

The FSCA wishes to acknowledge African Bank's cooperation during the investigation of this matter, including the prompt remedial action taken to date to address the concerns raised.

Taking into account the nature of the contravention, as well as the remedial steps implemented by African Bank, R200 000 of the R700 000 administrative penalty imposed on the bank has been suspended for a period of two years subject to African Bank remaining fully compliant with the Conduct Standard during the suspension period. The FSCA confirms that African Bank has paid the immediately due amount of R500 000.

All financial institutions are urged to take note of this sanction and are reminded about the importance of providing clear and accurate information to financial customers regarding the nature of products and services being offered. For many financial customers, decisions about which financial products to purchase are significantly influenced by information conveyed in advertising and marketing material. Financial customers who rely on misleading adverts or false impressions are more likely to select unsuitable products, which could result in financial losses or other prejudicial outcomes. In this matter, by positioning the product as an investment rather than a credit product, financial customers were misled about, among other things, the longer term risks and potential costs associated with taking up the product.

Financial institutions must have robust internal governance and approval processes to ensure compliance with all requirements of the Conduct Standard, including in respect of the development and publication of marketing material and other key information disclosed to customers.

The FSCA will continue to take firm regulatory action against financial institutions that do not prioritise the fair treatment of customers across their governance arrangements, business processes and procedures. The administrative penalty imposed in this case serves as a reminder that misleading advertising will not be tolerated, particularly as financial customers increasingly find themselves under pressure to make important decisions regarding their future financial resilience and wellbeing. Fair customer treatment is integral to maintaining public trust and confidence in the integrity of the financial system.

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